

Judge John C. Coughenour

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,
Plaintiff

v.

KENNETH JOHN RHULE and
KENNETH WARREN RHULE,
Defendants.

NO. CR 20-105-JCC

**UNITED STATES’
SENTENCING MEMORANDUM FOR
KENNETH JOHN RHULE**

The defendants, Kenneth John Rhule and Kenneth Warren Rhule, ran an illicit marijuana processing business that made over \$13 million in sales before their arrests in 2020 on the charges in this case. In a separate memorandum filed today, the United States describes the background of the case and its sentencing recommendation for Kenneth Warren Rhule. Dkt. 137. In this memorandum, the United States sets out its recommendation for Kenneth John Rhule. As explained below, the United States respectfully recommends that the Court sentence Kenneth John Rhule to 78 months of imprisonment and three years of supervised release.

I. BACKGROUND

A. Offense Conduct

The United States has filed a separate memorandum, Dkt. 137, as well as a supporting declaration, Dkt. 139, addressing the background facts of this case. The United States incorporates by reference those facts here and adds one point specific to Kenneth John Rhule.

As sentencing approaches, Kenneth John Rhule has again claimed that he largely stepped away from the marijuana business in 2016. He writes in a letter to the Court that he “actively participated in the business into early 2016,” with the implication being that, after early 2016, he was no longer an active participant. But, while it appears to be true that he became somewhat less involved over time as Kenneth Warren Rhule took the lead in many aspects of the business, there is still ample evidence that Kenneth John Rhule remained meaningfully involved.

Much of the evidence of Kenneth John Rhule’s involvement in the business over time has been described for the Court in prior filings, *e.g.*, Dkts. 64, 93, and will not be repeated here. But it bears repeating that the defendants operated their massive marijuana processing facility on property owned by Kenneth John Rhule, in a warehouse only a short distance from his residence. And inside that residence—indeed, inside his bedroom—law enforcement found evidence of active participation in the conspiracy in March 2020. They found, among other things, a laptop open to a site on the dark web, over a dozen glass jars containing refined marijuana products, shipment boxes, heat-sealed mylar bags and other packaging, prepaid postage mailing labels with receiver addresses across the nation, a list of buyers with handwritten annotations, and a digital scale. Maher Decl. ¶ 9. There was also a loaded pistol under the bed. *Id.* These facts clearly show that, as late as 2020, Kenneth John Rhule remained closely connected to this scheme.

B. Guilty Plea

In February 2022, Kenneth John Rhule pleaded guilty to a lesser included offense

of Count Eight, conspiracy to manufacture or distribute marijuana, in violation of Title 21, United States Code, Sections 841(a)(1), 841(b)(1)(C), and 846. Dkt. 127.

II. SENTENCING GUIDELINES CALCULATIONS

The United States agrees with the Probation Office on the Sentencing Guidelines calculations. The total offense level is 37, PSR ¶ 34, and the defendant is in criminal history category I, PSR ¶ 38, which makes the advisory range 210-262 months.

Although he disputes it, the Probation Office has correctly concluded that Kenneth John Rhule should receive a four-level enhancement of the offense level under Chapter 3B1.1(a) of the Guidelines for his leadership of the offense. He had a foundational role in this scheme, lending his capital and business expertise. With his help and guidance, the business grew to have buyers across the country and millions of dollars in sales. The multiple people employed by the business came to work each day on property he owned. For all these reasons and more, Kenneth John Rhule plainly qualifies for the four-level enhancement.

III. SENTENCING RECOMMENDATION

The United States recommends that the Court sentence Kenneth John Rhule to 78 months of confinement, followed by a three-year term of supervised release. The United States supports the conditions of supervision proposed by the Probation Office.

The recommended term of imprisonment, while substantially below the Guidelines range, is still a significant sentence, and it is appropriate on this record. As noted in the filing for the co-defendant, these defendants operated a massive marijuana operation completely outside all legal boundaries. The state has set up a regulatory framework for the marijuana industry to serve many important purposes, including ensuring the safety of those who produce and consume marijuana products. The state is also entitled to tax the marijuana industry. Yet the defendants ignored all this. From early on, Kenneth John Rhule showed no concern about complying with the law, such as when, in January 2016, he wrote to a potential buyer promoting his business's "VERY high quality" products and promising to send shipments "discretely." Maher Decl. Ex. C. By running the business

1 | this way, the defendants put people at risk and disadvantaged others in the industry who
2 | played by the rules.

3 | To his credit, Kenneth John Rhule now appears to be genuinely remorseful. He
4 | pleaded guilty rather than taking this matter to trial. He has accepted responsibility for
5 | many bad decisions and assured the Court that he will not repeat them. For these and
6 | other reasons, the United States recommends a sentence below the Guidelines range. But
7 | a substantial sentence is still warranted to account for his serious criminal conduct, and
8 | the United States urges the Court to impose 78 months.

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1 **IV. CONCLUSION**

2 The government respectfully recommends a prison sentence of 78 months and
3 three years of supervised release.

4 DATED this 24th day of May, 2022.

5
6 Respectfully submitted,

7
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